

Message Text

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, ENRG, VE

SUBJ: MEETING WITH THE PRESIDENT - PREPCON AND THE PRICE OF OIL

1. DURING OUR JUNE 21 SESSION, PRESIDENT PEREZ AGAIN REGISTERED HIS DISAGREEMENT WITH THE SECRETARY'S STATEMENT THAT THE POST-WAR INTERNATIONAL ECONOMIC SYSTEM HAS SERVED THE WORLD WELL. HE SAID "IT HAS SERVED YOU WELL, BUT NOT US," MEANING THE LDC'S. I SAID WE COULD PERHAPS AT LEAST AGREE THAT IT HAS SERVED ALL OF US A LOT BETTER THAN THE POST-WORLD WAR 1 SYSTEM THAT LED TO THE VIRTUAL RUIN OF A NUMBER OF LATIN AMERICAN COUNTRIES AMONG SO MANY OTHERS.

2. THE PRESIDENT WENT ON TO ECHO PEREZ GUERRERO IN COMPLAINING THAT WE WERE INTRANSIGENT AT THE PARIS PREPARATORY MEETING OF THE PRODUCER-CONSUMER CONFERENCE IN CONTRAST TO THE PURPORTEDLY MORE ACCOMMODATING ATTITUDE OF THE EUROPEANS. I REMARKED THAT WE WERE INCLINED TO AVOID EUPHEMISMS AND, IN ANY CASE, HAD EVOLVED IN OUR THINKING AS DEMONSTRATED BY THE SECRETARY'S RECENT SPEECHES.

3. THE PRESIDENT SAID HE THOUGHT THE PRICE OF OIL WOULD GO UP ABOUT 15 PERCENT AFTER THE SEPTEMBER OPEC MEETING. I SAID THAT COULD CAUSE PROBLEMS BETWEEN US. PEREZ AGREED, ADDING THAT "WE ARE IN A VICIOUS CIRCLE" AND MUST BREAK OUT WITH PRACTICAL SOLUTIONS. HE ASSERTED THAT THE GOV IS NOT OUT TO HARM THE US AND THAT SPECIFICALLY VENEZUELA HAD NOT BEEN AMONG THE PROPONENTS OF SHIFTING TO SDR'S FOR
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OIL PRICES--ALTHOUGH, OF COURSE, VENEZUELA WOULD HAVE TO

FOLLOW OPEC POLICY.

4. I TOLD THE PRESIDENT THAT UNDER SECRETARY ROBINSON WOULD
BE COMING HERE SOON TO TALK TO PEREZ GUERRERO ABOUT THE
PRODUCER-CONSUMER CONFERENCE AND THAT WE HOPED TO REACH
AGREEMENT ON HOW TO PROCEED FROM HERE.
SHLAUDEMAM

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